

No.6/ 6 /DPM

Jakarta, February 16, 2004

CIRCULAR LETTER

To

ALL SHARIA BANKS AND SHARIA DIVISIONS

IN INDONESIA

Subject: Operating Procedures for Bank Indonesia *Wadiah* Certificates

In regard to the enactment of Bank Indonesia Regulation No. 6/7/PBI/2004 dated February 16, 2004, concerning Bank Indonesia *Wadiah* Certificates (State Gazette of the Republic of Indonesia Number 20 of 2004, Supplement to the State Gazette Number 4368) and Bank Indonesia Regulation No. 6/2/PBI/2004 dated February 16, 2004, concerning the Bank Indonesia – Scripless Securities Settlement System (BI-SSSS) (State Gazette of the Republic of Indonesia Number 15 of 2004, Supplement to the State Gazette Number 4363), it is necessary to stipulate operating procedures for Bank Indonesia *Wadiah* Certificates as follows:

I. WADIAH FUND PLACEMENTS

A. Application

1. A Sharia Bank or Sharia Division may place an application with Bank Indonesia for *Wadiah* Fund Placements through the Bank Indonesia – Scripless Securities Settlement System (BI-SSSS) from 10.00 hours through 14.00 hours local time in Jakarta or during hours stipulated by Bank Indonesia, subject to having sufficient balance in the Rupiah demand deposit account of the Sharia Bank or Sharia Division at Bank

Indonesia and announcement of planned *Wadiah* Fund Placements by Bank Indonesia.

2. The mechanism for application for *Wadiah* Fund Placement through the BI-SSSS shall be stipulated further in a Circular Letter concerning operation of securities transactions and administration on the BI-SSSS.

B. Settlement of *Wadiah* Fund Placements

1. On date of application

- a. Settlement of *Wadiah* Fund Placements shall be processed on a same day settlement basis by debiting the Rupiah demand deposit account of the Sharia Bank or Sharia Division at Bank Indonesia in the amount of the par value of the *Wadiah* Fund Placement through the BI-SSSS.
- b. A Sharia Bank or Sharia Division is required to maintain sufficient funds up to the BI-SSSS cut-off warning on the settlement date for a *Wadiah* Fund Placement as referred to in letter a.
- c. In the event that at the BI-SSSS cut-off warning there is insufficient balance in the Rupiah demand deposit account of the Sharia Bank or Sharia Division at Bank Indonesia, the application for *Wadiah* Fund Placement shall be cancelled by Bank Indonesia.
- d. Cancellation as referred to in letter c shall proceed in order of the term of *Wadiah* Fund Placements for which settlement cannot be processed due to insufficient balance in the Rupiah demand deposit account of the Sharia Bank or Sharia Division at Bank Indonesia as referred to in letter c.

2. At maturity date

- a. Settlement of *Wadiah* Fund Placement at maturity date shall be processed by crediting the Rupiah demand deposit account of the

Sharia Bank or Sharia Division at Bank Indonesia in the amount of par value of the *Wadiah* Fund Placement through the BI-SSSS.

- b. In the event that the maturity date of a *Wadiah* Fund Placement is a Saturday, Sunday, or public holiday, settlement of the *Wadiah* Fund Placement as referred to in letter a shall be processed on the following working day.
 - c. A sample calculation of the term of a *Wadiah* Fund Placement is presented in Appendix 1.
3. The mechanism for bookkeeping on the BI-SSSS shall be stipulated further in a Circular Letter concerning processing of transactions and securities administration on the BI-SSSS.

II. PAYMENT OF BONUS

Bank Indonesia may pay out a bonus on a *Wadiah* Fund Placement received from a Sharia Bank or Sharia Division.

III. SANCTIONS

1. In the event of cancellation of a *Wadiah* Fund Placement transaction due to insufficient balance in the Rupiah demand deposit account of the Sharia Bank or Sharia Division at Bank Indonesia as referred to in number I.B.1.c, the Sharia Bank or Sharia Division shall be liable to the following sanctions:
 - a. Written warning and financial penalty of 0.1% (zero point one percent) of the cancelled *Wadiah* Fund Placement to a maximum of Rp 1,000,000,000.00 (one billion Rupiahs) for each cancellation;
 - b. In the event that a Sharia Bank or Sharia Division is subject to sanctions 3 (three) times during a period of 6 (six) months from the first instance of cancellation, the Sharia Bank or Sharia Division shall not be permitted to apply for a *Wadiah* Fund Placement for 7 (seven) days commencing from the issuance of the third written warning.

2. The financial penalty referred to in number 1 shall be collected by debiting the Rupiah demand deposit account of the Sharia Bank or Sharia Division at Bank Indonesia through the BI-SSSS on the following working day.
3. The mechanism for book entry of sanctions collected through the BI-SSSS shall be stipulated further in a Circular Letter concerning processing of transactions and securities administration on the BI-SSSS.
4. An example of imposition of sanctions is presented in Appendix 2.

IV. CONCLUDING PROVISIONS

The provisions in this Circular Letter shall come into force on February 16, 2004.

For the public to be informed, it is ordered that this Circular Letter be promulgated in the State Gazette of the Republic of Indonesia.

Kindly be informed.

BANK INDONESIA,

BUDI MULYA
DIRECTOR OF MONETARY
MANAGEMENT

DPM